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No. 84-1147

*In the*

# Supreme Court of the United States

OCTOBER TERM, 1984

SIMMONS FASTENER CORPORATION,

Petitioner,

v.

ILLINOIS TOOL WORKS INC.,

Respondents.

**Respondent's Brief In Opposition To The Petition For Writ Of Certiorari To The United States Court of Appeals For The Federal Circuit**

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## QUESTION PRESENTED

Was the Court of Appeals correct in requiring that secondary considerations including commercial success, long-felt need, failure of others, etc., be weighed with all the relevant evidence in determining obviousness/nonobviousness under 35 USC 103?

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## STATEMENT OF THE CASE

U.S. Patent No. 3,802,476, assigned to Respondent Illinois Tool Works ("ITW"), discloses and claims an elegantly simple solution to a long-standing and extremely vexing problem in the refrigerator-manufacturing industry (A-1 to 2; A-11)[1].

Refrigerator cabinets since the mid-1960's have comprised an outer steel box, a molded inner plastic liner, and foamed insulation injected between the box and the liner (*Id.*) Shelf and drawer supports within the refrigerator have been inserted through preformed holes in the liner (*Id.*). For many years the refrigerator industry was faced with the problem of allowing the shelf and drawer supports to be attached to the fragile liners, without foam leaking under pressure through the shelf support mounting holes (*Id.*).

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[1] References are to the Appendix submitted with the Petition.

Each of the prior art Simmons, Krueger, and Knowlton devices, on which Petitioner now relies, as some of the "many products devised in response to the fastening problems of the refrigerator industry" (Petition, p. 3), failed to solve the industry's problems (A-13 to 15). James Hoadley made his invention of a "screw anchor" in 1972 in response to his customers' needs; the invention did solve their problems (A-15). Petitioner itself has copied ITW's patented screw anchor and does not now sell any of the prior art devices (A-11). Most of the lengthy trial below and the voluminous appendix on appeal were devoted to analysis of the subtle but crucial features of the prior art devices as used in the refrigerator industry. These features caused the devices to be unsatisfactory in comparison to use of the '476 Hoadley invention (see A-13).

Proof of the "secondary considerations" below was overwhelming and uncontroverted. These include:

*Commercial Success*: ITW has sold over 100 million devices, and the accused infringers have sold many millions more (JA. 33, 208, 211–12, 257-60, 269–79, 632, 729–34, 740–43, 745–49)[2];

*Long-felt need*: The patented device filled a substantial and continuing need existing from 1965 to its commercial introduction in 1973 (JA. 647–49, 656–718, 721–49, 1295–1303);

*Failure of others*: All others working in the refrigerator industry sought solutions, but the Krueger (GE), Simmons, and all other devices failed (JA. 164–70, 208, 708, 717–18, 745–51, 1254–55, 1303);

*Solution against the trends*: Hoadley used metal when plastic was favored, a 2-piece device when 1-piece was the rule, and imperforate double-faced adhesive tape when that was rejected as hard to handle; he also used

[2] References to "JA. xx" are to the Joint Appendix on appeal below.

his locating means to pierce the tape and cover up the screw hole, contrary to prior approaches (JA. 171, 709–17);

*Industry recognition*: The invention was instantly adopted throughout the industry by every major manufacturer (JA. 745–49);

*Significant contribution*: Kelvinator and others have praised the '476 Hoadley invention for its benefits (JA. 1303); and

*Copying*: Simmons immediately copied the '476 Hoadley invention, rather than inventing its own solution or using a prior art fastener (JA. 208, 257–58, 269–79, 740–43).

The Court of Appeals fully considered and acknowledged[3] the District Court's findings and conclusions, including the scope and content of the prior art and the differences between the prior art and the claimed invention (A-2). It held that the District Court erred in expressly relying on minority view Second Circuit cases (A-3, A-25) and thereby ignoring all the evidence of secondary considerations. The Court of Appeals ruled,

> "We reverse the decision of the trial court that the claims of the '476 patent would have been obvious . . . ., because the trial court erred as a matter of law in refusing to consider the evidence of secondary considerations (objective evidence) mandated by *Graham* v. *John Deere Co.*, 383 U.S. 1, 17, 148 U.S.P.Q. 459, 467 (1966), in arriving at its decision on obviousness.

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[3] Petitioner is wrong in representing (Petition, p. 5) that the Court of Appeals "did not discuss" either of "the prior art" and the "differences between the prior art and the Hoadley '476 patent"; the Court of Appeals noted the "full" description by the District Court of the claimed invention and the prior art (A-2) and expressly refers to the District Court's "discussion of the first three *Graham* factors" (A-6).

* * *

> "... The trial court's error lies in its exclusion of [evidence of nonobviousness] in arriving at a conclusion on the obviousness of the claimed invention." (A-4).

Although agreeing that the prior art "prima facie would have suggested" the invention, the Court of Appeals found that all the evidence "collectively" weighs in favor of nonobviousness (*Id.*). It was upon that full analysis of the evidence, as mandated by *Graham*, that the Court of Appeals reversed the District Court's decision of obviousness.

The Petition to the Court of Appeals for Rehearing and suggestion for rehearing en banc made substantially the same arguments as it makes here. The Petition for Rehearing and its en banc suggestion were denied by an Order of September 26, 1984 (A-9).

On September 24, 1984, Petitioner filed a motion in this Court for leave to file a brief amicus curiae in support of a Petition for Writ of Certiorari in *Envirotech Corp.* v. *Amstar Corporation*, No. 84–294, in regard to a Question said to arise in this case but not presented in its present Petition. The *Envirotech* Petition was denied on October 15, 1984, — U.S. —, 105 S. Ct. 306, 224 U.S.P.Q. 616 (1984).

## REASONS FOR NOT GRANTING A WRIT OF CERTIORARI

### 1. The Court of Appeals Decision Follows the Mandate of this Court in *Graham* v. *Deere*

The landmark case for evaluating alleged obviousness/nonobviousness under 35 U.S.C. 103 is *Graham* v. *John Deere Co.*, 383 U.S. 1, 17–18 (1966). This Court in *Graham* stated:

> "[T]he § 103 condition ... lends itself to several basic factual inquiries. Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be

> ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy."[4]

The "secondary considerations" have been used by this Court as indications of patentability/validity for over 100 years. For example, in *Smith* v. *The Goodyear Dental Vulcanite Company*, 93 U.S. 486 (1877), the Court stated:

> "We do not say, the single fact that a device has gone into general use and has displaced other devices which had previously been employed for analogous uses, establishes in all cases that the later device involves a patentable invention. It may, however, always be considered; and when the other facts in the case leave the question in doubt, it is sufficient to turn the scale. *Id.*, at 495-96.

In holding that the secondary considerations should have been considered and applied, not ignored, by the District Court in this case (A-6), the Court of Appeals correctly followed this Court's decision in *Graham* v. *Deere*. As stated by this Court, the secondary factors "might be utilized to give light to the circumstances surrounding the origin of the subject matter", and those inquiries "may have relevancy" in indicating obviousness/nonobviousness, 383 U.S., at 17-18. Obviousness/nonobviousness is determined "against the background" of the "primary" factors, not solely on those factors, and is determined not separately or first but in "light" of the "secondary considerations", *Id.*

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[4]The Court's discussion of the primary and secondary factors is continuous, not separated, as Petitioner would imply (Petition, p. 8).

The Court in *Graham* did not establish or sanction any test for using secondary considerations only in a "close case". This Court in *Graham* did not adopt any dicta or suggestion of "closeness" or "doubt" in referring to the secondary factors. Rather, it emphasized the essentially factual nature of the inquiries to be made.

Further, no case in this Court since *Graham* has limited consideration of any factors to "close" cases, whether as to the three "primary" subject matter factors or as to the "secondary" factors. Rather, this Court has itself consistently given the "strict observance" of the *Graham* "requirements" which it urged upon all the courts and the Patent Office, *Id.* All of *Calmar* v. *Cook*, 383 U.S. 1, 26 (1966), *Anderson's Black Rock Inc.* v. *Pavement Salvage Co.*, 396 U.S. 57 (1969), *Dann* v. *Johnson*, 425 U.S. 219 (1976), *Sakraida* v. *Ag Pro, Inc.*, 425 U.S. 273 (1976), and *Roanwell Corp.* v. *Platronics, Inc.*, 429 U.S. 1004 (1977) (dissent from denial of certiorari), recognize and apply both the "primary" and "secondary" considerations in evaluating the obviousness/nonobviousness issues. The Court of Appeals in the present case was clearly following this Court's decisions in the foregoing cases.

Finally, Petitioner errs when it argues that the Court of Appeals in the present case has "elevated" the secondary considerations to a primary status (Petition, at 7–10). This is simply a mischaracterization of the Court of Appeals decision below. On the contrary, the Court of Appeals simply declared that all evidence of both the primary and secondary factors should be considered in evaluating the obviousness/nonobviousness issues—in accordance with this Court's decision in *Graham* v. *Deere* and its successor cases. Accordingly, the Petition is without merit and should be summarily denied.

**2. This is Not A Suitable Case for Review by This Court**

Even if it were now timely to review the viability of the *Graham* tests for obviousness/nonobviousness, this is not the case for such review. The reasons are as follows: (1) the

decision by the Court of Appeals is essentially a factual one, based upon the full panoply of factual details, (2) the question presented is no different from that presented in other cases in which certiorari has been denied, such as *Roanwell* v. *Platronics*, *supra*, where there was no clear error for reversal by this Court, and (3) the "prima facie . . . suggestion" language used by the Court of Appeals (A-6) provides no basis for this Court to make a complete and meaningful review.

First, the obviousness/nonobviousness question presented here is, as in other cases, essentially wholly fact-based. Although the patented screw anchor itself is relatively simple, the environment for use of the fastener is correspondingly complex and subtle. The District Court made complete findings and the Court of Appeals reviewed the findings as well as much of the underlying record. This case simply is too bound to the facts and the determinations below of facts to either call for or to readily allow meaningful review by this Court.

Second, this case does not present a more attractive vehicle for addressing the underlying public policy issues than have the many prior cases in which certiorari has been denied by this Court. In particular, nothing appears in this case which calls for supervision by this Court of the lower courts. No express "elevation" of the secondary considerations to an undue status, as sole determinant of obviousness or nonobviousness, appears. Further, there is no express weighing below of the primary versus the secondary factors, as Petitioner seems to demand of this Court. In the absence of such weighing by the District Court and by the Court of Appeals, it is unrealistic to expect this Court to make a de novo determination. Rather, a case in which an express weighing was carried out and reasoning expressed as to the weighing would be far more appropriate for review. This case does not present those advantages.

Third, the opinion of the Court of Appeals provides no basis for complete and meaningful review by this Court. The central language of which Petitioner complains—that the

prior art "prima facie would have suggested" the invention (A-6)—is both innocuous and easily harmonized with *Graham*. Contrary to Petitioner's suggestion, the language does not mean that the patented invention was obvious based solely on the "primary" factors. Rather, the language only acknowledges that the obviousness/nonobviousness question might be considered "close" if the primary factors were considered alone. In accord with *Graham*, however, the Court of Appeals based its consideration on both the primary and secondary factors together, and concluded the invention was unobvious. Disagreement with the District Court as to the "closeness" of the case, together with the "prima facie" characterization, make this case unsuited to complete review by this Court.

For these additional reasons, the Petition should be summarily denied.

### 3. Petitioner States No Reason for This Court to Review the Court Of Appeals Decision

Petitioner is understandably disappointed by the reversal by the Court of Appeals of the District Court ruling of invalidity. That disappointment, however, is not grounds for this Court's devoting its attention to review of this case. Aside from its repeated expressions of disappointment, Petitioner neither has nor suggests any public policy, supervisory, or other basis for inviting this Court's attention to the Court of Appeals decision.

#### A. No Public Policy Reason Suggests Review

Petitioner complains that the Court of Appeals acted contrary to public policy, because public policy allegedly makes the secondary considerations a factor as to patentability "only in close cases" (Petition, pp. 7-10). This complaint is inaccurate in many respects, for the following reasons.

First, the premise of Simmons' position is flawed in its perception of what public policy is. As noted above, this Court in *Graham* did not make consideration of the secondary factors turn on whether the primary factors left the case

"close" or not. Reading such a requirement into *Graham* would itself be contrary to established public policy.

Second, Petitioner assumes, contrary to the holding of the Court of Appeals, that the '476 Hoadley invention was "obvious" and that only the secondary considerations led the Court of Appeals to find it unobvious (Petition, pp. i, 7). That is a clearly and completely incorrect reading of the opinion below. To the contrary, the Court of Appeals, consistent with the *Graham* decision, considered all the evidence, primary and secondary, "collectively" and simultaneously, in arriving at its decision that the '476 Hoadley invention was not obvious as a matter of law (A-6).

Third, contrary to Petitioner's suggestions (Petition pp. 7-8), the Court of Appeals decision does not "remove" or "limit access to existing knowledge", because Simmons is of course free to employ the prior art. The Court of Appeals decision does not "reward promotion instead of invention" (Petition, p. 7), because the requisite nexus between the secondary considerations and the invention as claimed was found by the District Court and noted in the Court of Appeals decision (A-6). Simmons should make its own invention, not copy ITW's, in accord with the Constitutional mandate that patents should promote progress. The Court of Appeals followed the correct approach, upon all the facts and law before it, and no policy reason appears for this Court to review that decision.

Indeed, Petitioner's argument that the decision below comports with the prior "line of cases" going back to *Application of Fielder*, 471 F.2d 640, 644 (C.C.P.A. 1973), is curious. It was long the position of the Court of Customs and Patent Appeals that evidence of secondary consideration "must always be considered in connection with the determination of obviousness", not just when patentability "is in doubt" (*Id.*, Petition, p. 9). A policy grown since 1973, through a great number of cases, including some in which this Court has denied certiorari, is not now ripe for challenge on public policy grounds. Congress, for instance, in establishing the

Court of Appeals for the Federal Circuit and consolidating therein the function of the old C.C.P.A., could well have changed the patent law decisions with which it disagreed. Congress certainly did so very recently (Public Law 98–622) in respect to this Court's decision in *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U. S. 518 (1972). The "line of cases" argument operates against the propriety of review by this Court.

The September-October 1984 Newsletter for the Court of Appeals for the Federal Circuit, on which Petitioner relies (Petition, p. 10), also undercuts Petitioner's position. The Newsletter cites decisions of the Court of Appeals simultaneous with and subsequent to the one at issue here, in which the Court of Appeals does hold patents invalid for obviousness despite evidence of secondary considerations including commercial success. The cases cited include *Vandenberg* v. *Dairy Equipment Co.*, 740 F.2d 1560, (Fed. Cir. 1984), and *Jervis B. Webb Co.* v. *Southern Systems Inc.*, 742 F.2d 1388 (Fed. Cir. 1984). Thus, it is clear that the case below turned on the facts peculiar to its own record . . . and review by this Court is simply not appropriate!

### B. The Court of Appeals Decision Makes No Radical Departure from This Court's or the Regional Courts' Precedents

Contrary to Petitioner's arguments (Petition pp. 11-13), the decisions of this Court support the Court of Appeals decision that secondary considerations should be considered in each case. Of course, the fact that an invention has had commercial success does not alone make that invention nonobvious. The Court of Appeals has so ruled, in many cases, as has this Court in different cases. If the secondary considerations here had been less strongly in favor of invention and nonobviousness, the Court of Appeals may have affirmed the District Court decision. Further, if the evidence of prior art had been stronger, the Court of Appeals may have affirmed the District Court despite the strength of the secondary

considerations. There can be no value in this Court's reviewing the factual determinations made by the Court of Appeals.

Petitioner similarly is wrong in urging that the Federal Circuit Court of Appeals has made some "radical departure" from the policy of the regional courts of appeal that the secondary considerations are to be considered only in "close" cases (Petition, pp. 13-18). While certainly there is some divergence in views among the regional circuit courts of appeal, the majority of these courts of appeal do not require that secondary considerations be considered only in a "close" case. Again, cases do exist where the primary factors show obviousness to such an extent that the secondary factors cannot overcome them, just as there are cases where there is no commercial success but the patent is valid nonetheless. Typically, indeed, it is in the "close" cases in which all of the evidence is more carefully scrutinized, and more consideration is given in such cases to the objective evidence. Particularly where all the courts of appeal presumably are following the *Graham* decision of this Court, there can be no "radical" departure by the Court of Appeals below from precedents of the regional courts of appeal!

Further, even if there were a uniform divergence between the regional courts' approach to the obviousness question and that of the Federal Circuit Court of Appeals, it was uniformity in decision making which was an object of the Federal Courts Improvement Act of 1982. Clearly this Court does not need to review every conflict between the Federal Circuit Court of Appeals and the regional courts of appeals, particularly as to fact-laden issues such as obviousness/non-obviousness. There now is national uniformity and review by this Court is unnecessary.

### C. The Court of Appeals Decision Respects and Applies The Graham Mandate

Contrary to Petitioner's argument (Petition, pp. 18-19) the Court of Appeals has not somehow violated the constitutional mandate that the patent system reward invention not promotion. That argument is refuted in the decision below. As this Court stated in the companion cases to *Graham* v. *Deere*,

> "These legal inferences or subtests [of the secondary considerations] do focus attention on economic and motivational rather than technical issues and are, therefore, more susceptible of judicial treatment than are the highly technical facts often present in patent ligitation. [citation omitted] Such inquiries may lend a helping hand to the judiciary. . . . They may also serve to 'guard against slipping into use of hindsight' [citation omitted], and to resist the temptation to read into the prior art the teachings of the invention at issue." 383 U.S., at 36.

The Court of Appeals has done nothing more here than apply the established law, under *Graham*, to the facts of record. Petitioner's suggestion (Petition, p. 19) that simultaneous consideration of all the evidence including the secondary considerations "is contrary to the standard of the constitution and the patent act" is contrary to *Graham*. Public policy favors doing exactly what the Court of Appeals did below. No occasion is presented for this Court's review.

## CONCLUSION

The Court of Appeals below follows precisely the mandate of this Court in *Graham* v. *Deere*. The present case in any event presents no need for exercise of this Court's power of review, either as to the patent law question presented or as to the particular decision itself. Finally, Petitioner has shown no reason for the exercise of this Court's power of review.

For the foregoing reasons, the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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## STATEMENT UNDER RULE 28.1

Respondent, Illinois Tool Works Inc., has no parent company and no non-wholly owned subsidiary. Its publicly held affiliates are:

ITW Fixfast Ab,
a Swedish Corporation;

Packaging Leasing Systems Inc.,
a Delaware Corporation;

Ricks Exploration Company,
an Oklahoma Corporation;

Envases Multipac, S.A. de C.V.,
a Mexican Corporation;

INCAP—Industria de Carregadores Plasticos S.A.,
a Brazilian Corporation;

Inmobiliaria Cit, S.A. de C.V.,
a Mexican Corporation;

ITW Mapri Industria e Comercio Ltda.,
a Brazilian Corporation;

Multipak de Venezuela C.A.,
a Venezuelan Corporation;

Nifco Inc.,
a Japanese Corporation;

Nif-Cone Leasing Ltd.,
a Hong Kong Corporation; and

Nihon Devcon Kabushiki Kaisha,
a Japanese Corporation.

## CERTIFICATE OF SERVICE

I hereby certify that five copies of the foregoing RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT have been mailed to Elliot Gerber, Esq., Wyatt, Gerber, Shoup, Scobey & Badie, 261 Madison Avenue, New York, N.Y. 10016 this 4th day of April, 1985.

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